

## Message Text

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72

ACTION EB-11

INFO OCT-01 EUR-25 IO-12 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 RSR-01

( ADP ) W

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R 111830 Z APR 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 9150

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY ROME

USMISSION GENEVA

USMISSION EC BRUSSELS UNN

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E. O. 11652: N/ A

TAGS: ETRD

SUBJECT: VIEWS OF FRENCH OFFICIAL ON TRADE NEGOTIATIONS

1. WE CALLED ON BERNARD, ECONOMIC AND FINANCIAL ADVISOR TO PRESIDENT POMPIDOU TODAY, TO FIND OUT HIS CURRENT THINKING ON TRADE NEGOTIATIONS. WE NOTED THAT THE COMMISSION HAD COMPLETED THE DRAFTING OF ITS RECOMMENDATIONS TO THE COUNCIL OF MINISTERS ON THE EC'S POSITION IN THE TRADE NEGOTIATIONS AND THAT, JUDGING FROM RECENT SPEECHES BY SOAMES AND A PRESS BRIEFING BY HIS CHIEF OF CABINET, IT WOULD APPEAR AS IF THERE HAD BEEN SOME SOFTENING ON THE COMMISSION'S STAND ON THE PRINCIPAL ISSUES.

2. BERNARD SAID HE THOUGHT THIS WAS A FAIR ASSESSMENT. HE WENT ON TO SAY THAT THERE HAD BEEN NO SOFTENING OF THE FRENCH POSITION.

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THE GOF HAD NOT YET DRAWN UP DETAILED POSITIONS, IN PART BECAUSE IT WANTED TO WAIT UNTIL IT SAW THE COMMISSION'S PROPOSALS, IN PART BECAUSE IT HAS BEEN PREOCCUPIED WITH PUTTING TOGETHER THE NEW GOVERNMENT. HE ASSURED US, HOWEVER, THAT THE GENERAL POSITION WOULD BE HARD. HE NOTED THAT SOAMES HAD SEEN POMPIDOU A COUPLE OF WEEKS AGO AND THE MEETING HAD NOT GONE WELL. HE QUICKLY ADDED THAT THIS WAS NOT ENTIRELY BECAUSE OF DIFFERENCES OVER THE TRADE NEGOTIATIONS. IT ALSO REFLECTED POMPIDOU'S UNHAPPINESS WITH CURRENT EUROPEAN POLICIES OF THE U. K. (E. G., THE CONTINUED REFUSAL OF THE U. K. TO BRING THE POUND INTO THE SNAKE, THE SQUABBLE OVER THE SEAT OF THE EUROPEAN MONETARY FUND, ETC.-- SEE PARIS 9768). WE REMARKED THAT SOAMES WAS NO LONGER A BRITISH OFFICIAL. BERNARD SAID THAT THESE WERE DISTINCTIONS THAT PRESIDENTS TENDED TO FORGET.

3. WE THEN ASKED BERNARD FOR HIS CURRENT ASSESSMENT OF US INTENTIONS IN THE TRADE NEGOTIATIONS. WE SAID THAT FRENCH PRESS COMMENTARY ON THIS SUBJECT SEEMED PATHOLOGICAL IN ITS CONCERN ABOUT WHAT IT DESCRIBED AS "THE COMING AMERICAN ECONOMIC OFFENSIVE". MOST FRENCH JOURNALISTS SEEMED TO BELIEVE THAT THE UNITED STATES WAS OUT TO BREAK UP THE CAP, IF INDEED NOT THE ENTIRE COMMUNITY. WE SAID WE FOUND IT HARD TO UNDERSTAND THIS ALMOST HYSTERICAL APPREHENSION.

4. BERNARD ADMITTED THAT SOME OF THE PRESS COMMENT WAS EXTREME. BUT HE SAID HE AGREED WITH THOSE WHO BELIEVED THAT THE DISMANTLING OF THE CAP WAS ONE OF OUR OBJECTIVES EVEN THOUGH SUCH IMPORTANT OFFICIALS AS UNDER SECRETARY CASEY DENIED THIS. HE WONDERED, SOMEWHAT CYNICALLY, WHETHER IT WOULD REALLY BE WORTH THE EFFORT. WE MIGHT WELL SUCCEED AFTER TWO YEARS OF DIFFICULT NEGOTIATIONS IN BREAKING UP THE CAP, AND IN THE END IT WOULDN'T MAKE A BILLION DOLLARS A YEAR DIFFERENCE IN OUR TRADE BALANCE. ON THE CONTRARY, BY THAT TIME THE DEVALUATION OF THE DOLLAR WOULD HAVE PAID OFF, WE WOULD BE BACK IN STRONG SURPLUS, AND EUROPE WOULD HAVE TO DEVALUE TO CLOSE THE NEW DOLLAR GAP. THUS, THERE WOULD BE NO POSITIVE BENEFITS FROM THIS HARSH AMERICAN POLICY TOWARD THE COMMUNITY. ON THE OTHER HAND, THE NEGATIVE EFFECTS IN TERMS OF WORSENED US- EC RELATIONS COULD BE QUITE SUBSTANTIAL.

5. TAKING UP A REMARK BY BERNARD THAT AGRICULTURE WOULD BE THE PRINCIPAL ISSUE OF THE NEGOTIATIONS SO FAR AS THE US AND THE EC

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WERE CONCERNED, WE ASKED IF HE DID NOT SEE A BASIS FOR A DEAL ON AGRICULTURE INVOLVING A REALIGNMENT OF THE COMMUNITY PRICE STRUCTURE TO FAVOR LIVESTOCK PRODUCTION AT THE EXPENSE OF GRAINS. BERNARD REPLIED THAT THE FRENCH WOULD FAVOR SUCH A DEVELOPMENT BUT THAT IT WOULD BE EXTREMELY DIFFICULT TO BRING IT OFF. THE REAL PROBLEM ON GRAIN PRICES WAS GERMANY AND HE WAS NOT AT ALL OPTIMISTIC THAT THIS OBSTACLE CAN BE OVERCOME.

6. COMMENT: WE FOUND BERNARD MUCH MORE PESSIMISTIC THAN USUAL ON THIS OCCASION. THIS MAY HAVE BEEN DUE IN PART TO THE FACT THAT, AS HE HIMSELF ADMITTED, HE WAS TIRED AND OVERWORKED. BUT WE BELIEVE HIS VIEWS MUST BE SEEN PRIMARILY AS A FURTHER EXPRESSION OF GROWING FRENCH CONCERN ABOUT US INTENTIONS IN THE TRADE FIELD ( SEE FOR EXAMPLE SEPTEL REPORTING TOUGH SPEECH OF PATRONAT PRESIDENT CEYRAC, A SPEECH WITH WHICH BERNARD SAID HE WAS IN FULL AGREEMENT).

IRWIN

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\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 APR 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** boyleja  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973PARIS10178  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** n/a  
**Errors:** n/a  
**Film Number:** n/a  
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**Handling Restrictions:** n/a  
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**Legacy Key:** link1973/newtext/t19730441/aaaaihax.tel  
**Line Count:** 136  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** boyleja  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 03 AUG 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <03-Aug-2001 by worrelsw>; APPROVED <06-Sep-2001 by boyleja>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> gwr 971229  
**Subject:** VIEWS OF FRENCH OFFICIAL ON TRADE NEGOTIATIONS  
**TAGS:** ETRD, FR  
**To:** BONN  
BRUSSELS  
EB  
EC BRUSSELS  
GENEVA  
LONDON  
ROME

SECSTATE WASHDC

THE HAGUE

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005